

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-01 H-02 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05  
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02  
FEAE-00 OMB-01 ( ISO ) W  
-----069776 251846Z /44

R 251714Z JUL 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 1039  
INFO ALL EC CAPITALS  
USMISSION GENEVA

UNCLAS SECTION 01 OF 02 BRUSSELS 08684

USEEC

GENEVA ALSO FOR MTN

E.O.11652:N/A  
TAGS: ETRD, EEC  
SUBJECT: STATEMENT ON TRADE POLICY BY VICE PRESIDENT  
WILHELM HAFERKAMP, JULY 25, 1977

1. TEXT OF STATEMENT ON TRADE POLICY DELIVERED BY EC  
VICE PRESIDENT FOR EXTERNAL AFFAIRS WILHELM HAFERKAMP IN  
BRUSSELS ON JULY 25, 1977 TO PRESS FOLLOWS:

BEGIN TEXT

STATEMENT ON TRADE POLICY BY VICE-PRESIDENT W. HAFERKAMP,  
BRUSSELS, 25 JULY 1977

THE WORLD IS NEARER SLIDING BACK INTO THE PROTECTIONISM OF  
THE 1930'S THAN AT ANY TIME FOR THE LAST THIRTY YEARS.  
UNEMPLOYMENT IS HIGH AND IS LIKELY TO CONTINUE HIGH WELL  
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INTO THE 1980'S. INDUSTRIES IN CRISIS - ON BOTH SIDES OF  
THE ATLANTIC - ARE PRESSING GOVERNMENTS TO RESTRAIN  
IMPORTS. AND THE PROTECTIONISM WHICH STIFLED TRADE AND  
KEPT MILLIONS ON THE DOLE FORTY YEARS AGO IS NOW BEING  
PRESENTED IN A NEW GUISE, WITH SEDUCTIVE MODERN RATIONAL  
SOUNDING SLOGANS.

SO I THINK THAT THIS IS THE MOMENT WHEN WE SHOULD STAND UP AND BE COUNTED. AND WE ARE FOURSQUARE BEHIND THE ONE WORLD TRADING SYSTEM WHICH HAS OVER THE LAST TWENTY YEARS PROVIDED THE BASE FOR THE BIGGEST INCREASE IN WORLD TRADE AND WORLD PROSPERITY IN RECORDED HISTORY.

THAT IS WHY THE COMMISSION GAVE A WARM WELCOME ON 11 JULY IN BRUSSELS TO THE UNITED STATES SPECIAL TRADE REPRESENTATIVE, MR. ROBERT STRAUSS. HE CAME HERE TO ASK FOR OUR COOPERATION IN GETTING THE TOKYO ROUND MOVING AND IN BRINGING IT TO A SUCCESSFUL CONCLUSION NEXT SPRING. WE TOLD HIM THAT WE FULLY SHARED HIS AIM AND THAT WE WOULD DO ALL WE COULD TO MEET THIS TIMETABLE. AND WE SAID SO NOT JUST BECAUSE WE HAVE A CLEAR, DETAILED AND POSITIVE MANDATE FROM THE COUNCIL FOR THESE NEGOTIATIONS. AND THAT THE LONDON SUMMIT IN MAY MADE CLEAR ITS WISH FOR SUBSTANTIAL PROGRESS BY THE END OF THIS YEAR.

WE SAID SO BECAUSE WE BELIEVE THAT AN OPEN AND LIBERAL TRADE POLICY IS IN THE INTEREST OF THE COMMUNITY.

TRADE IS NOT A ONE-WAY STREET. THE STANDARD OF LIVING OF THE COMMUNITY COUNTRIES DEPENDS ON THE COMPETITIVE EDGE OF THEIR INDUSTRIES ON WORLD MARKETS. THE ATTENTION FOCUSED ON IMPORTS AND UNEMPLOYMENT TEND TO MAKE US FORGET THIS.

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TAKE IRON AND STEEL. IMPORTS INTO THE COMMUNITY ROSE IN 1976 BY 19 PERCENT OVER 1975 TO TOTAL 4.2 BILLION DOLLARS. BUT COMMUNITY EXPORTS IN 1976 WERE MORE THAN DOUBLE - 9.5 BILLION DOLLARS.

TAKE SHOES. IMPORTS IN 1976 TOTALLED 695 MILLION DOLLARS. BUT EXPORTS WERE 985 MILLIONS.

EVEN IN TEXTILES IMPORTS IN 1976 AT 9 BILLION DOLLARS WERE NEARLY BALANCED BY COMMUNITY EXPORTS OF 7.6 BILLION DOLLARS.

INDEED THE INCREASING SPECIALIZATION NECESSARY IF EUROPE IS TO COMPETE SUCCESSFULLY ON WORLD MARKETS IMPLIES MAJOR STRUCTURAL CHANGES BOTH IN WORLD TRADE AND IN EUROPEAN INDUSTRIES. BUT THE FIRST CAN BE ACCOMMODATED WITHIN THE GATT. THE MULTIFIBER ARRANGEMENT AND THE ARRANGEMENT ON COTTON TEXTILES WHICH PRECEDED IT HAVE SUCCESSFULLY MAINTAINED A DELICATE BALANCE BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES FOR 15 YEARS, AND SHOW THAT INDUSTRIAL SECTORAL PROBLEMS CAN BE DEALT WITH IN THE GATT

FRAMEWORK QUITE APART FROM THE EXISTENCE OF GATT INSTRUMENTS SUCH AS THE SAFEGUARD CLAUSE AND ANTI-DUMPING RULES. EQUALLY A MAJOR EFFORT WILL BE NEEDED TO RESTRUCTURE EUROPEAN INDUSTRIES TO MEET A CHANGING PATTERN OF TRADE.

BUT THESE PROBLEMS CAN BE DEALT WITH WITHOUT RECOURSE TO DOCTRINES WHICH UNDER DIFFERENT BUT PLAUSIBLE NAMES WOULD RETURN US TO THE CHAOS OF RESTRICTIONS AND BEGGAR-MY-NEIGHBOR POLICIES WHICH CHARACTERIZED THE 1930'S. THAT IS WHY THE COMMISSION SUPPORTS A LIBERALISM IN WORLD TRADE WHICH IS AN INTELLIGENT LIBERALISM, WHICH RECOGNIZES THAT ECONOMIC CONDITIONS ARE SIGNIFICANTLY MORE DIFFICULT AND THAT UNEMPLOYMENT IN MANY INDUSTRIES HAS REACHED

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INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00  
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FEAE-00 OMB-01 ( ISO ) W  
-----069768 251845Z /44

R 251714Z JUL 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 1040  
INFO ALL EC CAPITALS  
USMISSION GENEVA

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DANGEROUS LEVELS BUT BELIEVES THAT THESE PROBLEMS CAN BEST BE TACKLED BY THE ONE WORLD TRADING SYSTEM WHICH HAS SERVED US WELL FOR THE LAST THIRTY YEARS. END TEXT  
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